



PROCUREMENT STRATEGY

**April 2018
to
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Version 1.0

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1. Introduction

- 1.1. The West Yorkshire Combined Authority (WYCA) is a collaboration between the West Yorkshire authorities. It brings together the public sector in the form of the five West Yorkshire districts plus York, and the business sector through the Leeds City Region Enterprise Partnership (LEP). The Combined Authority is also the Transport Authority for West Yorkshire.
- 1.2. The Combined Authority is a governing board of nine political leaders, plus the Chair of the Leeds City Region Enterprise Partnership (LEP). It is supported by an officer organisation that undertakes their Boards' policies and actions
- 1.3. As a public sector organisation, WYCA has a duty to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. It also has a duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.4. There is therefore a sound system of internal controls in place to ensure the effective exercise of its functions and include arrangements for the management of risk. These risks and controls are regularly assessed by both internal and external auditors.
- 1.5. The aim of this strategy is to clearly set out a framework for committing spend and undertaking procurement activities throughout the authority. This should be done ensuring best value through that spend whilst reflecting and promoting the wider aims of the authority's Corporate Plan.

2. Scope

- 2.1. WYCA has income of around £300m per annum of which approximately £150m can be identified as procurement spend. Funding will vary over the lifetime of this strategy depending on changes to grant income and funding from central government. As such it is important that any approach to procurement can be both reactive and flexible where needed.
- 2.2. All departments depend to some extent on external organisations to provide goods and services. It is therefore important for the organisation to maintain a clear strategy for selecting, contracting with and managing its suppliers.
- 2.3. This can be achieved via its new procurement function which has an involvement in the whole process, spanning the cycle from identification of needs, assisting with making sure the specification is clear and unambiguous, appraising options, identifying correct and appropriate procurement procedures, to the end of the contract or life of the asset.
- 2.4. This Procurement Strategy also needs to support the organisations wider objectives as outlined in its Corporate Plan. These can be seen in the diagram as below and are a key factor in determining procurement approaches and specifications.



- 2.5. A key priority for the authority is to promote “Good Growth” within the Leeds City Region. Procurement will play a vital role in enabling good growth within the region.



2.6. Collaboration will be a key objective within this strategy. There are long term links with other public sector organisations that discuss and share procurement issues which. These include:

- Public Buying Organisations such as Yorkshire Purchasing Organisation and Crown Commercial Services.
- Regional Networks such as the Yorkshire & Humberside Strategic Procurement Group
- Regional Framework suppliers such as YORhub

The long term objective of developing these collaborative procurements is reflected in the strategy.

3. Structure

- 3.1. A new procurement function was established in November 2017 following a major review of its procurement and purchasing requirements. This new function also saw the introduction of a new Head of Procurement role undertaking a Head of Service position.
- 3.2. The new team will report to the Director of Resources as one of the corporate functions. The team includes dedicated Procurement Managers plus a Contracts & Framework Manager supported by a Procurement Officer and a Procurement Assistant.
- 3.3. The procurement function will also work closely with internal departments, especially Legal, Finance and Audit to ensure a compliant end to end procurement service. Close links will also be maintained with other directorates to ensure a full understanding of their needs and requirements.
- 3.4. All procurement officers will be fully qualified member of the Chartered Institute of Procurement and Supply (CIPS). Further training and development will be undertaken as required. The function will also utilise any free training provided by partners and legal suppliers.

4. Roles and Responsibilities

4.1. For procurement exercises to be successful and achieve their goals, active and positive participation of key stakeholders is essential. To assist this, a clear definition of the Procurement Teams and Business Areas roles is in place.

4.2. The role of the Procurement Team is to:

- Provide the organisation with a coherent direction of travel in terms of an agreed corporate approach to procurement
- Lead on major procurement exercises facilitating the pre-selection of suppliers, tendering, the evaluation of returned bids and awarding contracts
- Identify potential savings that can be gained by following good procurement techniques such as consolidation of requirements or focussed negotiation
- Advise business areas in the best procurement method and documentation to satisfy a requirement
- Ensure that the organisation achieves value for money in relation to purchases made through tenders and quotes
- Ensure all procurement activities comply with public sector, UK and European regulations and the Organisations Contract Standing Orders
- Provide a fit for purpose Contract and Supplier Management system, helping the organisation to achieve consistency in its relationships with contractors and service providers.
- Operate, control, review and monitor the organisations electronic purchasing system and procurement card scheme
- Monitor procurement performance and activity, including savings and benefits tracking
- Liaise with external partners around collaboration and any other initiatives.
- Provide training and support to organisation's staff on contract procurement, contract management, the Purchase to Pay System (Proactis), procurement card system and the eProcurement Portal (In-tend)
- Ensure management of contracts and frameworks it has in place
- Ensure thorough vetting of potential suppliers and contractors
- Ensure that information provided by suppliers / contractors is up to date
- To ensure Social Value is obtained through the commitment of public funds
- Ensure that there is adequate segregation of duties between the raising, receiving and the payment of an invoice
- Ensure that adequate authorisation levels have been applied and are being adhered to so that decisions are made on accurate information
- Ensure that commercial related transparency requirements are met

4.3. The role of individual business areas is to:

- Comply with policies and strategies as published by the organisation whilst complying with wider legislation.
- As part of the business planning process have a forward pipeline of expected procurements
- Manage contracts and ensure that every contract has a dedicated contract manager
- Prepare (with the assistance of the Procurement Team where needed) specifications, drawings and other documentation required to form the tender package
- Obtain quotations where Contract Standing Orders allow
- Engage in the Procurement Team's work to develop strategic sourcing and procurement initiatives.

5. Context

5.1. This strategy sets out the organisation's priorities for procurement and draws together many elements, including:

- The organisation's Corporate Plan
- The organisation's "Maximising Good Growth Benefits through Procurement" Policy
- The award of funding for the West Yorkshire Plus Transport Fund
- The requirements identified in the Local Transport Plan
- The Government's existing and developing agenda for public sector procurement through the National Procurement Strategy
- The targets of the National Procurement Strategy for Local Government by the Local Government Association (LGA)
- The Public Service (Social Value) Act 2012
- The Equality Act 2010
- The Governments Clean Growth Strategy
- The amalgamation of the Leeds City Region Enterprise Partnership (LEP) under the Authority's scope
- Local Government Transparency Code 2015
- Issues identified by internal and external audit reports
- A need to generate efficiency savings
- The continuous need for business improvement within the procurement function

5.2. These elements are combined to produce a 3-year strategy for the organisation. This strategy will be reviewed annually to make sure the short term and long term aims are achieved and on track.

6. Aims of the Strategy

- 6.1. The Government recognises procurement as a key area for efficiency gains. Public sector organisations are therefore expected to develop and maintain these gains through improved practices. These are referred to in the National Procurement Strategy 2014 and the updated draft National Procurement Strategy due for publication in late 2018.
- 6.2. The strategy is aimed at promoting effective and efficient procurement across the organisation. It sets out specific targets and objectives with a plan covering the period of this strategy.
- 6.3. Appreciating that the organisation, and the procurement function, needs to react to the businesses changing requirements, this strategy must not only embed the new procurement function within the organisation but also allow for it to take account of the ever-changing needs of the business.

6.4. Undertake Efficient and Effective Procurements

The main priority will be to ensure that all procurements are undertaken in an efficient and effective way to ensure value for money is obtained. The new Procurement Function also needs to be embedded within the organisation. Key activities will be:

- Forward pipeline planning with directorates to plan resources and activities accordingly
- Update existing templates and where needed create templates to form a standard set of procurement documents
- Implementation of corporate spend analytics system to highlight common areas of spend and any contract leakage
- Increase use of frameworks where value of money can be obtained so avoid The Official Journal of the European Union (OJEU) tenders where possible
- Implement the Crown Commercial Services Procurement Decision Tree (Appendix A) to allow for the more appropriate procurement route to be selected
- Ensure effort is focused on the pre-market engagement and contract management as part of the procurement cycle as per Appendix B

6.5. Create Social Value from Procurement

Social Value and Inclusive Growth is a key priority for the organisation and procurement should play a vital role in implementing policies around it. This will include social, economic and environmental impacts. Key activities will be:

- Mandatory weighting for social value contribution for all tenders over £75,000. This will be a minimum of 10% to establish supplier responses with an ambition to raise to a minimum of 20% by the expiry of this strategy.
- Encourage suppliers to pay the real living wage by initially asking their position and evaluating the impact on costs should it be applied as a mandatory condition.

- Increase SME and local spend to support the growth principles. The current figures are around 10% for SME spend and 70% for local spend but includes large payments to member authorities. Specific activities will be needed to increase the SME spend to meet the government's 30% target.
- Implement the policy for "Clean growth and sustainability" within procurement when agreed. This new policy will ensure that, where necessary, tenders are evaluated against any environmental impact.
- Review the organisations current "Good Growth Procurement Policy" and update or replace in line with latest organisational wider objectives and policies.
- Ensure all procurement policies and procedures are undertaken in an ethical manner and comply with the principles of the CIPS Ethical Code.
- Where appropriate ensure that green procurement considerations are included in specifications and tender documents to ensure reduced waste, reduced carbon emissions and minimise impact on the natural environment.

6.6. Improve Transparency

The organisation aims to be transparent in all areas, especially around its expenditure and contracting. Key activities will be:

- Publishing a pipeline of expected procurements to allow the market to prepare for tenders
- Publishing all spend over £500 monthly
- Publishing a contract register monthly of all contracts over £5,000
- Publishing all spend on Government Procurement Cards monthly
- Publishing details of all purchase orders over £500 monthly

All items will be published by the end of the previous month on a dedicated area of the organisations web site in a downloadable CSV format.

6.7. Increase Procurement Awareness & Training

A lack of commercial skills internally has been identified with work needed to strengthen staff in this area. Upskilling of both suppliers and commissioners will therefore be required for the strategy to be successful. Any emerging policy or government changes should also be accounted for. This will involve:

- Training for commissioners that will be mandatory for budget holders and budget controllers. This will ensure compliance to regulations and awareness of key policies impacting on procurements.
- Training for suppliers to ensure they can successfully bid for the organisations tenders and understand the key policy points that the organisation requires.
- Training for procurement staff to ensure updated with recent case law and sector thinking. Procurement staff will also be encouraged to engage with industry bodies such as the Chartered Institute of Procurement and Supply (CIPS) and Society of Procurement Officers (SOPO).
- Update information online regularly, both internally via the corporate intranet, and externally on the corporate web site so common queries can be answered and basic information and updates shared.
- Ensure a watching brief on BREXIT and the possible impact on the organisations current supply chains.

6.8. Increased Use of Government Procurement Cards

The organisation over the last few years has used both credit cards and the Government Procurement Cards (GPC). These can offer operational flexibility and process efficiencies when used correctly in a controlled manner. Work is needed to formally roll out GPC within the organisation including:

- Phasing out of current credit cards as these no longer offer best value
- Reviewing operational areas where GPC will offer service and process improvements, including the use of embedded cards.
- Implementing reporting and management information systems as provided by GPC providers to ensure easy processing of invoices
- Implementing a revised GPC usage policy to ensure the organisation is clear on correct usage

6.9. Further Develop eTendering & Purchase to Pay (P2P) Solutions

The organisation currently uses Proactis for its raising of orders and invoice payments. The eTendering system In-tend is used for the online management of procurements.

A review of corporate systems was undertaken that has made a number of proposals to replace and amend systems. In-tend offers additional functionality that could offer substantial benefits. The planned strategy is therefore:

- A review of the Proactis system to allow for improvement P2P functionality.
- The introduction of wizards within In-tend to allow for improved processing of procurements, especially by business areas for lower values.
- The implementation of the Contract Management module to allow for increased visibility of contracts and improved Key Performance Indicator (KPI) monitoring.
- The implementation of a supplier self-service function to allow for a “tell us once” approach for standard information and documentation such as insurance certificates and health & safety policies.

6.10. Introduce a Standard Approach to Contract Management

There is currently no standard approach to Contract Management across the organisation and no common KPIs being used. This will have significant impact when trying to embed social value and monitor its success. The new strategy needs to embed contract management and contract monitoring across the organisation. This will include:

- Creation and implementation of a contract management toolkit to allow for a standard and templated approach
- Introduction of standing corporate wide KPIs to allow for benchmarking and common monitoring of key suppliers
- Agreed usage of the Contract Management module within In-tend to automate creation of key management information

6.11. Further Promote Collaborative Procurement

Good progress has been made recently with regards to collaborative procurement and this needs to be continued. This needs to be on a regional, organisational and category level. Key activities will include:

- Continued membership and collaboration with the Yorkshire and Humberside Strategic Procurement Group covering the wider regions local government procurement functions
- Improved links to other Combined Authorities, especially those with devolution agreements to learn from their experiences
- Closer working with Public Buying Organisations (PBOs) such as Yorkshire Purchasing Organisation and Crown Commercial Services to understand and influence new frameworks and procurement solutions
- Strong links being developed with key procurement framework owners that are critical to the implementation of the organisations objectives.
- Creating links with the regions anchor organisation's such as key employers, wider government organisations within the region and the further and higher education sectors. This could be as part of the organisation's wider Inclusive Growth strategy.

6.12. Ensure Compliance to LGA National Procurement Strategy (due late 2018)

The LGA's wide ranging remit includes procurement policy guidance, best practice and training, led by its National Advisory Group (NAG) for local government procurement. A key output is the National Procurement Strategy that has identified over 30 key business value codes. Work has been undertaken to prioritise these for the organisation. A summary can be found in Appendix C. Once the national strategy is published key activities will be:

- Update this procurement strategy where needed to reflect the new national strategy
- Ensure good progress is made on the priority business value codes so that the aspirational levels can be obtained
- Further outputs from the LGA are reviewed with plans amended where needed

7. Implementation Plan

7.1. The Procurement Strategy will be implemented according to the plan as below.
This plan maybe amended as requirements for the organisation change.

7.2. Short Term Plan – Year 1

Short Term Plan	Notes
Undertake Efficient and Effective Procurements	
Agree 18/19 Procurement Pipeline	Issue PINs where appropriate and pipeline
Review all current templates and plan replacements	
Implement Spend Analytics solution	Quarterly updates needed
Update Procurement Manual	Ensure Frameworks and decision tree clear
Create Social Value from Procurement	
Communicate changes in weightings and update current procurement templates	
Draft questions around social value and real living wage	
Draft plan for SME and local business engagement	
Start workgroup on establishing social value criteria	Internal and external stakeholders needed
Improve Transparency	
Review current publishing regime	
Update website so information clearer and in open formats	
Increase Procurement Awareness & Training	
Undertake budget holder training & add to inductions	
Plan for supplier training with partners	
Review intranet and internet content and requirements	
Update intranet with “how to” guides and FAQs.	
Increased Use of GPC	
Replace credit cards with GPC cards	
Identify areas for GPC usage	
Create and implement a GPC usage policy	
Investigate use of improved MI and reporting systems	
Further Develop eTendering & P2P Solutions	
Implement wizards in In-tend	
Implement Contact Mgmt Module in In-tend	
Create specification for P2P solution	In conjunction with Finance Dept.
Introduce a Standard Approach to Contract Management	
Set up group to create corporate KPIs.	

Training business users in use of In-tend CM module	
Draft Contract Management toolkit	Based on CCS toolkit
Further Promote Collaborative Procurement	
Plan regular updates with key partners	
Agree collaboration agreements where required	

7.3. Long Term Plan – Year 2 and 3

Long Term Plan	Notes
Undertake Efficient and Effective Procurements	
Create library of standard procurement documents	Review after 1 year's usage.
Update Procurement Pipeline as annual activity	Issue PINs where appropriate and pipeline
Create Social Value from Procurement	
Review "Good Growth Procurement Policy"	Update or replace as needed.
Review compliance to CIPS ethical code	
Implement agreed social value criteria	
Improve Transparency	
Review mandatory transparency requirements	Review usage and formats
Review optional transparency requirements for possible inclusion within policy	
Implement additional transparency requirements where agreed	
Increase Procurement Awareness & Training	
Undertake supplier training with partners	Could collaborate with other councils
Update internet site with "doing business with" and "how to" guides with FAQs.	
Increased Use of GPC	
Review card usage	
Investigate need for embedded cards	Review where high number of invoices
Review MI and reporting systems	
Further Develop eTendering & P2P Solutions	
Issue tender for P2P solution if needed	
Implement/amend P2P solution	With finance as needed
Review use of In-tend and new modules	
Implement supplier self service	
Introduce a Standard Approach to Contract Management	
Implement KPI monitoring	
Roll out Contract Management Toolkit	
Review Contract Management Toolkit and update where needed	

Further Promote Collaborative Procurement	
Review current collaborations and amend where needed	
Ensure Compliance to LGA National Procurement Strategy	
Review National Procurement Strategy	Due late 2018
Update local Procurement Strategy where needed	
Review progress on business value codes and amend approach as needed	

8. Procurement Policy

8.1. This Procurement Policy summarises the organisation's approach to Procurement. It will look to follow the principles of Public Procurement Policy as set out by the Cabinet Office and any sector procurement related policies issued by the Local Government Association.

8.2. The organisation is committed to setting rigorous quality standards and the retention of a robust procurement and monitoring procedure to ensure that supplies, services and works are delivered at the most economical advantageous cost. All supplies, services and works should be procured in accordance with this principle of obtaining maximum value for money whilst considering any wider policies and objectives.

8.3. Procurement involves a range of decisions including identifying needs, assessing delivery and sourcing options (whether to provide in-house or otherwise), engaging with suppliers, establishing a secure position within the marketplace, purchasing activity, and consideration of how the purchase will be used and disposed of at the end of its life.

8.4. Procurement will:

- secure the provision and delivery of supplies, works and services that meet customer expectations;
- be driven by desired outputs and results;
- be aware of and meet internal customers' deadlines;
- minimise the burden on administrative and monitoring resources;
- expedite simple or routine transactions;
- allow flexibility in developing alternative procurement and partnership arrangements;
- encourage competition;
- seek to minimise any barriers to entry for local suppliers and small to medium-sized enterprises (SMEs) and small agencies;
- consider social value and inclusive growth;
- ensure that suppliers are dealt with fairly, honestly, efficiently and professionally;
- be flexible in the implementation of the purchasing function.
- use collaborative procurement where appropriate;
- comply with regulations and all applicable legislation;

8.5. In addition, the organisation requires **all** services to demonstrate:

- commitment to users of the services;
- commitment to wider organisational policy objectives;
- value for money;
- compliance with service aims and objectives;
- commitment to continuous improvement;
- commitment to quality and equality;
- operational efficiency;

- effective management, systems and procedures;

8.6. The organisation will continue to encourage the development of new methods or approaches to procurement that will deliver services more efficiently, effectively and economically. This will enable local businesses to be able more easily to tender for the organisations requirements.

Social Value and Inclusive Growth

8.7. All procurements over £75,000 (and where able for lower values) will ensure that they have at their core the social value and inclusive growth principles of the organisation.

Staff Training and Development

8.8. The organisation will maintain and enhance the skills and experience it has in its Procurement function using regular Development Reviews to identify staff training and development requirements.

Records

8.9. The organisation will maintain management information systems to provide detailed analysis of purchasing activity and performance, and use these to inform decision making. These will be published externally where appropriate.

9. Contacts

- 9.1. If you have any questions about WYCA's Procurement Strategy or any other matters that relate to the procurement of goods or services, spend data or the management of contracts you can contact the Procurement Section as below.

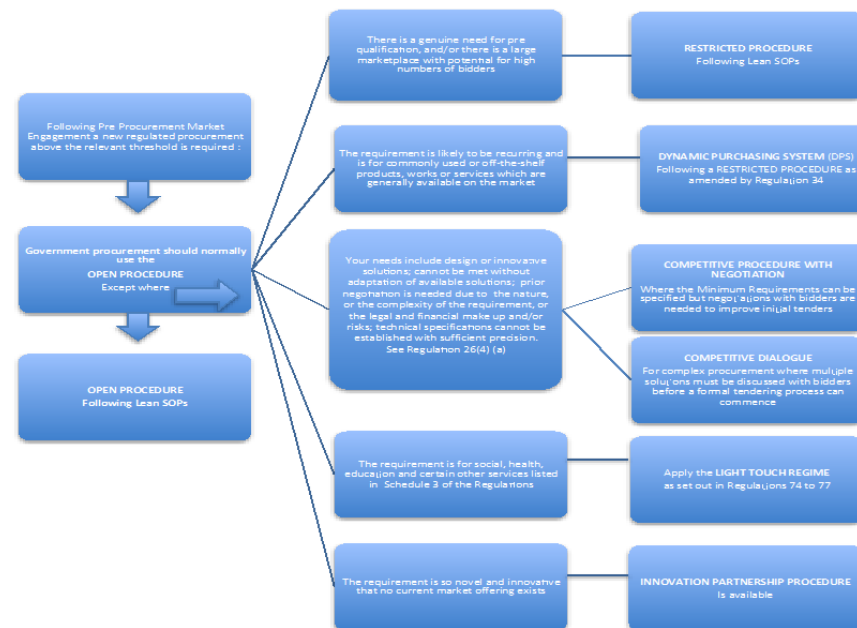
Email: Procurement@westyorks-ca.gov.uk
Tel: 0113 251 7236

- 9.2. Further information can be found online as below:

- “Doing business with WYCA” - <http://www.westyorks-ca.gov.uk/what-we-do/business/>.
- Details of “What we spend and how we spend it” - <http://www.westyorks-ca.gov.uk/foi/spending/>.
- Details on European and UK Procurement Regulations - <http://www.ojec.com/directives.aspx>.
- General information about WYCA and its activities - www.westyorks-ca.gov.uk

Appendix A: Procurement Route Decision Tree

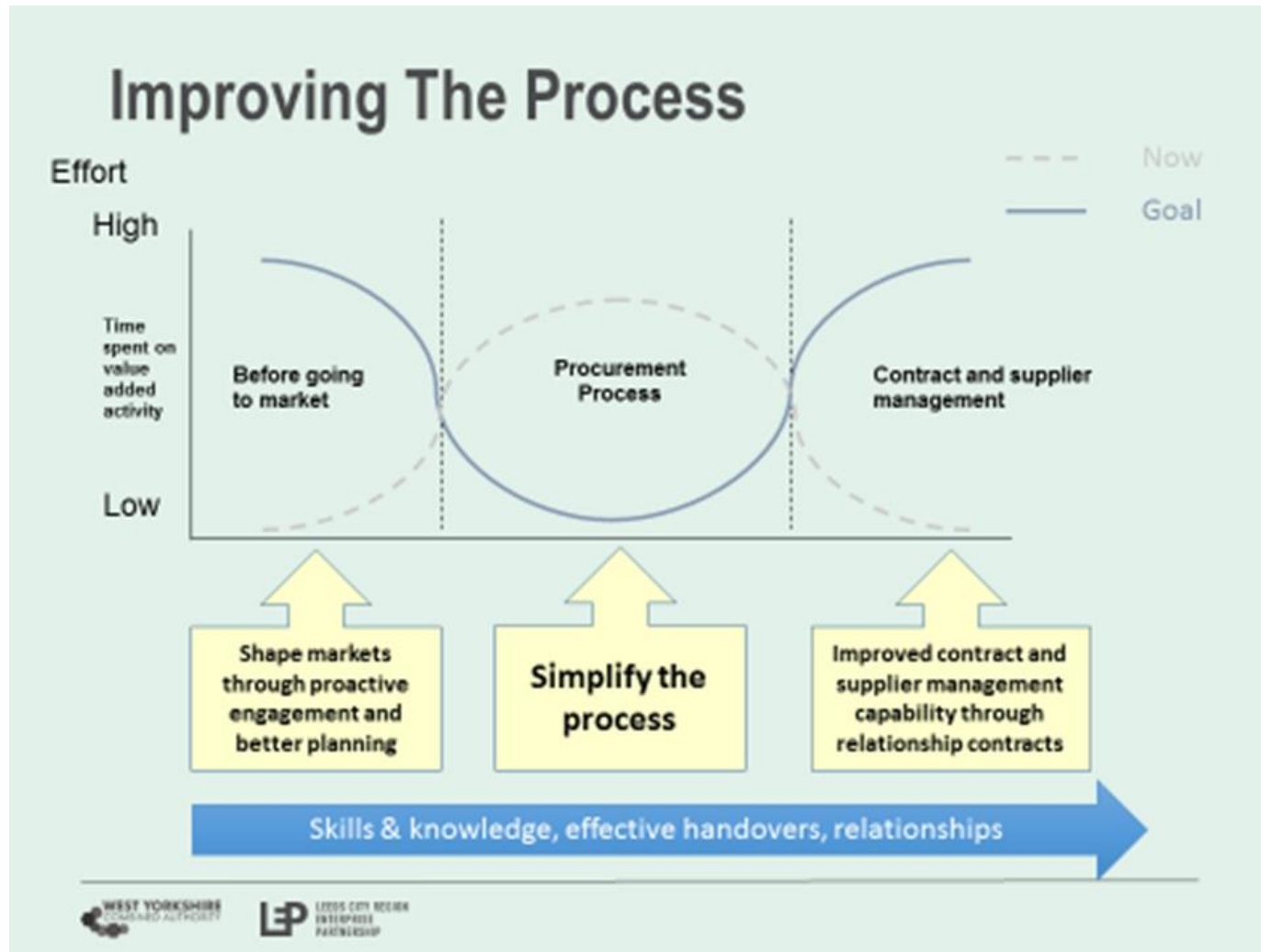
Annex A: Procurement Route Decision Tree



Notes:

1. This is intended as a guide to choosing the right procurement procedure. It is not legal advice nor does it constitute an exhaustive description of all of the options or considerations that may be applicable. If in any doubt as to how to proceed you should take appropriate professional advice.
2. A new regulated procurement does not include further competitions or call offs under existing Framework or DPS contracts.

Appendix B: Improving the Procurement Process



Appendix C: LGA National Procurement Strategy (2017) Diagnostic

Following internal workshops the following sub section of the LGA Business Value Codes were identified as a priority for the organisation. The current and target scores were also identified. The LGA is expected to publish the full National Procurement Strategy late 2018 with early drafts being taken account of in this document.

	Business Value Code Title		Current Score		Target Score
Making Savings					
1	Spend Analysis		1		4
5	Contract & Relationship Management		2/3		4
Supporting Local Economies					
12	Social Value (Both)		2		5
13	Economic Growth & Well Being		2		5
Demonstrating Leadership					
23	Commercial Skills Training		2		4
Modernisation					
26	Procurement Role in Providing Commercial Expertise		2		4

1 = Disengaged 5 = Exceptional

Background information via <https://local.gov.uk/national-procurement-strategy>.